1	H.627
2	Introduced by Committee on Commerce and Economic Development
3	Date:
4	Subject: Commerce and trade; economic development
5	Statement of purpose of bill as introduced: This bill proposes to increase the
6	maximum size and expand eligibility for certain loans offered by the Vermont
7	Economic Development Authority.
8	An act relating to the Vermont Economic Development Authority
9	It is hereby enacted by the General Assembly of the State of Vermont:
10	Sec. 1. 10 V.S.A. chapter 12 is amended to read:
11	CHAPTER 12. VERMONT ECONOMIC DEVELOPMENT AUTHORITY
12	Subchapter 1. General Provisions
13	***
14	§ 212. DEFINITIONS
15	As used in this chapter:
16	* * *
17	(6) "Eligible facility" or "eligible project" means any industrial,
18	commercial, or agricultural enterprise or endeavor approved by the Authority
19	that meets the criteria established in the Vermont Sustainable Jobs Strategy
20	adopted by the Governor under section 280b of this title, including land and

rights in land, air, or water; buildings; structures; machinery; and equipment of such eligible facilities or eligible projects, except that an eligible facility or project shall not include the portion of an enterprise or endeavor relating to the sale of goods at retail where such goods are manufactured primarily out of state State, and except further that an eligible facility or project shall not include the portion of an enterprise or endeavor relating to housing unless otherwise authorized in this chapter. Such enterprises or endeavors may include:

- (A) Quarrying; mining; manufacturing; processing, including the further processing of agricultural products; assembling; or warehousing of goods or materials for sale or distribution or the maintenance of safety standards in connection therewith, and including Vermont-based manufacturers that are adversely impacted by the State's regulation or ban of products as they transition from the manufacture of the regulated or banned products to the design and manufacture of environmentally sound substitutes.
- (B) The conduct of research and development activities, including research and development of computer software and telecommunications equipment.
- (C) Use as the national or regional headquarters for a multistate business enterprise or for purposes of subchapter 4 of this chapter only, use as the national headquarters of a nonprofit organization whose purpose is the

1	promotion of business, industry, or agriculture, including the registry of animal	
2	breeds.	
3	(D) Collecting or processing any kind of waste material for reuse or	
4	disposal.	
5	(E) Reducing, mitigating, or eliminating pollution of land, air, or	
6	water by substances, heat, or sound.	
7	(F) For the purposes of subchapter 4 of this chapter only, in addition	
8	to the foregoing, the conduct of any trade or business that is eligible for tax-	
9	exempt financing under the U.S. Internal Revenue Code.	
10	(G) For purposes of subchapter 4 of this chapter only, transporting of	
11	goods, materials, or agricultural products for sale or distribution or the	
12	maintenance of safety standards in connection therewith, including railroad	
13	terminals, trucking terminals, and airport facilities.	
14	(H) Use as a small business incubator facility.	
15	(I) Processing or converting post-consumer materials into industrial	
16	feed stocks, or manufacturing products from these feed stocks, or both,	
17	excluding the converting of recyclable materials into a fuel or fuel product. As	
18	used in this subdivision, "post-consumer materials" means only those products	
19	generated by a business or a consumer that have served their intended end	

uses, and that have been separated or diverted from solid waste.

20

1	(J) Travel and tourism projects and enterprises, and related
2	recreational activities, provided that the project or enterprise will maintain a
3	reasonable level of full-time employment throughout the year consistent with
4	the size and nature of the business and general business custom in the industry.
5	(K) The business of information technology, or the collection,
6	processing, or management of data, documents, or records.
7	(L) A captive or commercial insurance underwriter; a mortgage,
8	commercial, or consumer credit provider; or an entity engaged in underwriting
9	or brokering services.
10	(M) A renewable energy plant, as defined in 30 V.S.A. § 8002, if the
11	construction of the plant requires a certificate of public good under 30 V.S.A.
12	§ 248 and all or part of the electricity generated by the plant will be under
13	contract to a Vermont electric distribution utility.
14	(N) Industrial park planning, development, or improvement.
15	(O) For purposes of subchapter 5 of this chapter, a
16	telecommunications plant, as defined in 24 V.S.A. § 1911(2), owned by a
17	municipality individually or in concert with one or more other municipalities
18	as a communications union district established under 30 V.S.A. chapter 82.
19	(P) Any combination of the foregoing activities, uses, or purposes
20	specified in this subdivision (6). An eligible facility may include structures,

appurtenances incidental to the foregoing an eligible project, such as utility

1	lines, storage accommodations, offices, dependent care facilities, or	
2	transportation facilities.	
3	(Q) Businesses providing intangible products and services, excluding	
4	the following:	
5	(i) businesses engaged in pyramid sale distribution plans, where a	
6	participant's primary incentive is based on the sales made by an ever-	
7	increasing number of participants;	
8	(ii) businesses deriving more than one-third of their gross annual	
9	revenue from legal gambling activities;	
10	(iii) private clubs and businesses that limit the number of	
11	memberships for reasons other than capacity; and	
12	(iv) businesses principally engaged in teaching, instructing,	
13	counseling, or indoctrinating religion or religious beliefs, whether in a	
14	religious or secular setting.	
15	(R) Mixed-use properties, provided that not less than 50 percent of	
16	the total square footage is dedicated for commercial use.	
17	(S) Licensed assisted living developments, with or without associated	
18	independent living, provided that the Authority shall consult with and defer to	
19	the Vermont Housing Finance Agency on applications that are eligible for	
20	financing from both the Authority and the Agency.	
21	* * *	

1	(18) "Project" or "eligible facility" means the creation, establishment,
2	acquisition, construction, expansion, improvement, reclamation, or renovation
3	of an eligible facility.
4	(19) "Project costs" means any costs or expenses reasonably incidental
5	to a project and may without limitation include the costs of:
6	(A) issuing bonds under subchapter 4 of this chapter to finance a
7	project;
8	(B) acquiring land, buildings, structures, and facilities, whether by
9	lease, purchase, construction, or otherwise;
10	(C) acquiring rights in or over land, air, or water;
11	(D) improving land and improving buildings, structures, and facilities
12	by remodeling, reconstruction, replacement, or enlargement;
13	(E) acquiring and installing machinery and equipment;
14	(F) obtaining professional or advisory services;
15	(G) interest prior to and during construction and until one year after
16	the completion of a project;
17	(H) creating reserves in connection with the issue of bonds under
18	subchapter 4 of this chapter; and
19	(I) acquiring or committing to acquire any federally guaranteed
20	security and pledging the proceeds thereof to secure the payment of bonds.

* * *

1	(28) "Loan," for the purposes of subchapters 5, 7, and 10 of this chapter,
2	means a loan, or a financing lease, provided that such lease transfers the
3	ownership of the leased property to the lessee following the payment of all
4	required lease payments as specified in the lease agreement.
5	* * *
6	Subchapter 5. Direct Mortgage Loans
7	§ 261. ADDITIONAL POWERS
8	In addition to powers enumerated elsewhere in this chapter, the Authority
9	may:
10	(1) Make loans secured by mortgages, which may be subordinate to one
11	or more prior mortgages, upon application by the proposed mortgagor, who
12	may be a private corporation, nonprofit organization, partnership, person, or
13	municipality financing an eligible project described in subdivision 212(6) of
14	this title, upon such terms as the Authority may prescribe, for the purpose of
15	financing the establishment or expansion of eligible facilities. Such loans shall
16	be made from the Vermont Jobs Fund established under subchapter 3 of this
17	chapter. The Authority may provide for the repayment and redeposit of such
18	loans in the manner provided hereinafter as provided in this subchapter.

* * *

8 262	FINDINGS
8 404.	THIDHIOS

- Before making any loan, the Authority shall receive from an applicant a loan application in such form as the Authority may by regulation prescribe, and the Authority, or the Authority's loan officer pursuant to the provisions of subdivision 216(15) of this title, shall determine and incorporate findings in its minutes that:
- (1) The project is within the scope of this chapter and will increase or maintain employment and expand the economy of the State.
- (2) The project plans comply with all applicable environmental, zoning, planning, and sanitary laws and regulations of the municipality where it is to be located and of the State of Vermont.
 - (3) The making of the loan will be of public use and benefit.
- (4) The proposed loan will be adequately secured by a mortgage on real property or equipment, or both.
- (5) The principal obligation of the Authority's mortgage does not exceed \$1,500,000.00 \$5,000,000.00, which may be secured by land and buildings or by machinery and equipment, or both; unless:
- (A) an integral element of the project consists of the generation of heat or electricity employing biomass, geothermal, methane, solar, or wind energy resources to be primarily consumed at the project, in which case the principal obligation of the Authority's mortgage does not exceed

1	\$2,000,000.00 \$6,000,000.00, which may be secured by land and by buildings,	
2	or machinery and equipment, or both; such principal obligation does not	
3	exceed 40 percent of the cost of the project; and the mortgagor is able to obtain	
4	financing for the balance of the cost of the project from other sources as	
5	provided in the following section; or	
6	(B) a single loan for which the principal amount of the Authority's	
7	mortgage does not exceed \$3,000,000.00 for an eligible facility consisting of a	
8	municipal telecommunications plant, as defined in 24 V.S.A. § 1911(2).	
9	(6) The mortgagor is responsible and able to manage its responsibilities	
10	as mortgagor and owner of the project.	
11	(7) The mortgage has a satisfactory maturity date, in no case later than	
12	20 years from the date of the mortgage.	
13	(8) The mortgagor is unable to finance the project upon reasonable	
14	terms without the assistance of the requested loan from the Authority, or in the	
15	alternative, the granting of the loan will serve as a substantial inducement for	
16	the establishment or expansion of an eligible project within the State.	
17	(9) The mortgagor has made adequate provision for insurance protection	
18	of the project while the loan is outstanding.	
19	(10) The loan will be without unreasonable risk of loss to the Authority.	
20	Such findings when adopted by the Authority shall be conclusive.	

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- 1 Sec. 2. EFFECTIVE DATE
- 2 <u>This act shall take effect on passage.</u>